

Are Russia's Arms Deals to Venezuela Destablizing Central America?

Yesterday afternoon, Russia's *RIA Novosti* Spanish wire service reported on the arrival of the Deputy Prime Minister and Rosneft Chairman Igor Sechin to Caracas, Venezuela. The reason for the trip of Russia's energy czar (and leader of the "siloviki" network of former KGB officers), according to the Kremlin news outlet, was to prepare for Hugo Chávez's upcoming visit to Moscow and a high-level inter-governmental commission to be held in St. Petersburg.

By the end of the day, Sechin had already inked many deals, conveniently for himself and for Russia, with the Venezuelan government -- *Bloomberg* reports that Russia and Venezuela signed wide-ranging cooperation accords on energy, military, and agricultural cooperation, including the formation of a joint venture between PDVSA-Services and Gazprom's Latin America division. What does Sechin personally get out of the trip? He took a trip with his PDVSA counterpart Rafael Ramirez out to the Orinoco Belt to see an oil field which was once owned by U.S. firm ConocoPhillips before expropriation, announcing plans to unveil another joint venture to develop it with Rosneft in September.

Joint ventures and big-sounding cooperation agreements are a familiar sight to observers of Russia-Venezuela relations, and the two countries have even formed a \$4 billion development bank. But other than arms purchases, the trade volume hasn't yet caught up. Venezuela still exports some 60% of its oil to the United States, comprising 11% of U.S. supply. The U.S. is by far their largest trade partner, and Russia's volumes don't even yet compete with China's business with Venezuela.

The reason for all this fuss, of course, is that the relationship is highly political. For the Russians, there is a clear desire to poke Washington in the eye after Vice President Joseph Biden's visit to the Ukraine and Georgia -- Sechin seems dead-set on proving Hillary Clinton right that no spheres of influence exist. More than just the immense enjoyment that Chávez must feel in passing an oil field taken directly from an American company into the hands of a Russian company, there is also a strong and growing military dimension to the relationship to the tune of \$4.4 billion. A Swedish think tank estimates a 900% growth in arms purchases in the last five-year period, making Venezuela the #1 buyer of Russian arms in the world.

Hugo Chávez should be honored to have such a high ranking official from the Kremlin to help him "prepare" for his next visit to Moscow -- Sechin is estimated by many Kremlinologists to have much more clout, and many more billions, than President Dmitry Medvedev himself. Sechin is the main figure running Russia's Latin America policy, as he is rumored to be fluent in both Spanish and Portuguese from his KGB days in Africa.

Controversy seems to follow the man wherever he goes. Many point to him as being the main conspirator and beneficiary behind the Kremlin's takeover of the Yukos oil company - a multi-billion dollar daylight robbery. The Rosneft chairman has also come under fire for what many believe to be a non-sensical deal with the Chinese, passing them control of the future of Russian oil. The economist Konstantin Sonin has written that "*Sechin's contract with China might go down in history like the notorious privatization auctions of the early 1990s.*"

The timing of his visit -- along with the high tensions over Honduras following the coup -- raises some concerns over the uptick in military hardware transfers between Moscow and Caracas. The Venezuelan President recently made several comments about doubling his orders of T-90 battle tanks from Russia. The Kremlin recently sent the battleship Peter the Great to carry out war games with Venezuela in the Caribbean. Venezuela is the only country in Latin America with a license to manufacture their own Kalashnikovs, a fact which is very worrying to the Colombian government when so many of these small

arms seem to go missing. A Colombian newspaper also ran a report this month about a Venezuelan contact attempting to sell 20 Russian-made surface-to-air missiles on the black market.

What the United States may be worried about with this visit is Russia's potential acquiescence to Chávez's apparent plan to disrupt the attempts to broker a deal on behalf of former Costa Rican President Oscar Arias. Under instructions from Chávez, Zelaya has ignored all advice from Arias, and made many high risk stunts, including crossing over the border for a few minutes amid teeming crowds this past weekend (Christopher Sabatini from the Council of the Americas describes Zelaya's actions as "tragic silliness"). Many observers believe that Chávez and Zelaya "need more dead Hondurans" to produce the outcome they are looking for.

There can be no doubt of two facts: this level of arms purchases by Chávez defeats the narrative that he is about protecting the interests of the poor and underprivileged of Venezuela, and secondly, there are individuals seeking improper personal enrichment through their powers of office. The grotesque level of corruption in both Russia and Venezuela should stimulate the discussion as to whether the predatory nature of both states constitutes not only an international crime, but as well a breach of fundamental human rights for which there may indeed be remedies under international law.

Robert Amsterdam

International Lawyer on emerging markets, politics of business, and rule of law

Posted: July 28, 2009 05:57 AM

http://www.huffingtonpost.com/robert-amsterdam/are-russias-arms-deals-to_b_245993.html